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THE WORLD ECONOMY AT THE END OF 1992: BACKGROUND FOR AN INTERNATIONAL POLICY AGENDA

Note by the Secretary-General

KEY FINDINGS

World economic growth

The world economy grew only 0.4 per cent in 1992, made up of 1.5 per cent in industrial countries, 4.5 per cent in developing countries and a collapse of 18.4 per cent in transition economies (Eastern Europe and successor States of the USSR).

Improvement seen in 1993 (2 per cent growth forecast for world), mainly due to better conditions in transition economies (decline of only 3.5 per cent); highest growth rate since 1970s forecast for developing countries (5 per cent), albeit concentrated in Asia; slow but improving growth in industrial countries (2 per cent) without reduction in unemployment rate (7.3 per cent), but considerable uncertainty exists; stronger recovery could be building.

International trade and finance

World trade grew 4.5 per cent in 1992, a strong result in the light of slow output growth; imports surged in developing countries of Asia and Latin America.

Net transfer of financial resources from Japan jumps to $91 billion; United States absorbs $39 billion from rest of world for second year of smaller inflows; developing countries absorb $25 billion in net financial transfers for second year of big inflows after almost a decade of outflows.

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Policies to meet contingencies

Policies need to be ready in industrial countries in case most recent economic strengthening weakens, as happened before in this cycle; little known about dynamics of recovery after prolonged period of weak growth and financial rehabilitation efforts; coordinated contingency plans of Governments of major economies recommended.

While growth of developing countries is accelerating, not all are sharing in it; persistence in ongoing reforms and international support for them remain important; short-term assistance also still required to combat hunger, particularly after pervasive drought of 1992 in Africa.

Fist signs of growth in transition economies show reforms produce results; many countries at crucial stage of reform process; continued international support required for process to succeed.

World output barely increased in 1992, growing 0.4 per cent, after having actually contracted in 1991 for the first time in the post-war era. The current outlook is for a very slow average pace of recovery in 1993, with output expected to rise only 2 per cent. These figures mark the second downward revision since June of this year in the United Nations Secretariat's estimates of world output growth in 1992 and 1993 (see figure 1).

Considerable uncertainty, however, still surrounds the forecast. Thus, although fiscal and monetary policy measures to strengthen growth were under discussion in several of the major industrial economies in 1992, action was taken on only some of the proposals. Others have now become contingent on developments as the year ends and 1993 begins.

With world economic growth so slow in 1992, per capita output fell, and virtually no increase is expected in 1993. The decline was quite concentrated, as output per capita fell in countries accounting for about one fifth of world population. The decline was especially marked in Eastern Europe and the successor States of the Soviet Union (the transition economies), while output in the developing countries of Asia grew substantially faster than population, which increases less than 2 per cent a year.

For the world as a whole, output has not grown faster than the world's population since 1989. The previous occasion on which world per capita output fell was in 1982, the last year of the economic recession of the early 1980s (see figure 2).

The sluggishness of world output in 1992 was largely the reflection of two major phenomena: the slow-down of growth in some large developed market economies, which offset a weak recovery in certain others, and the sharp decline in output in the transition economies, following a similar decline in 1991.* The developed market economies as a whole, which account for almost three quarters of world output, grew by only 1.5 per cent, following a 0.7 per cent growth in 1991 (see table 1). Output in the transition economies declined by about 18 per cent in 1992, after a 16 per cent fall the year before. The developing countries, however, grew by around 4.5 per cent in

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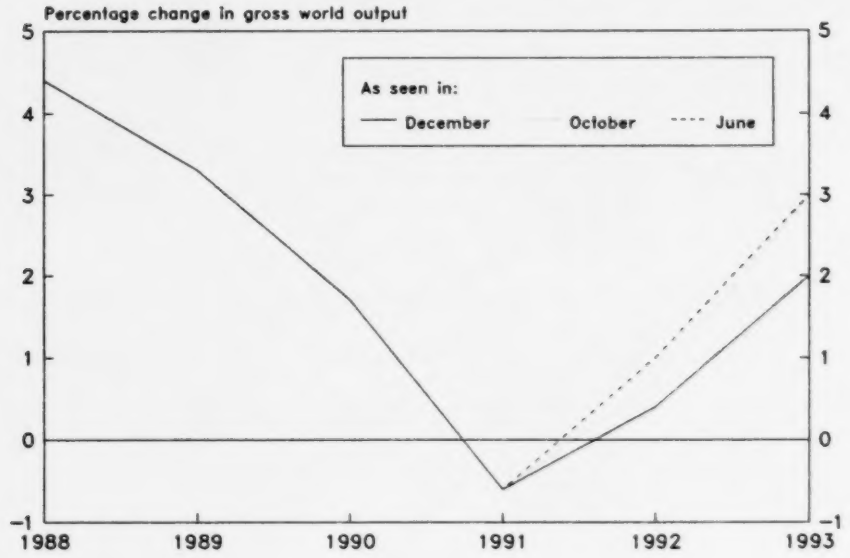
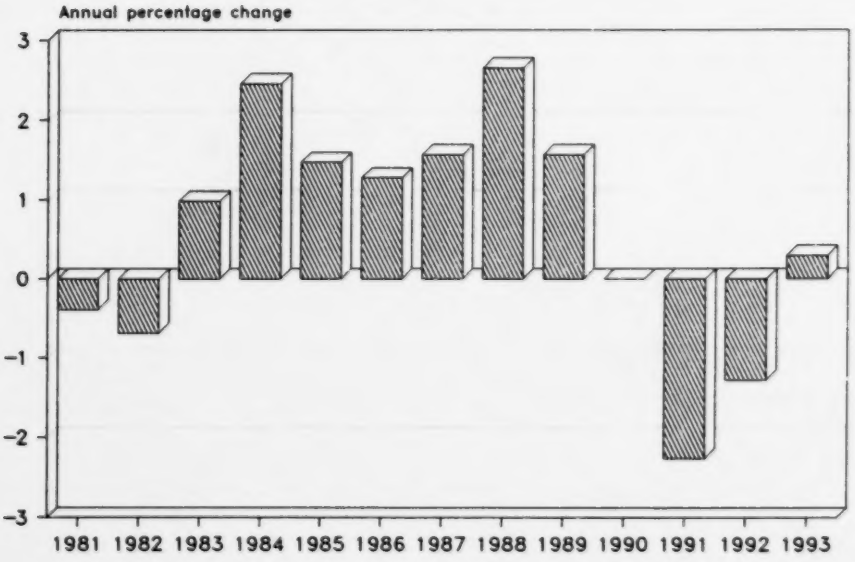
* Groupings of countries are for analytical convenience and follow those of the World Economic Survey, 1992 (United Nations publication, Sales No. E.92.II.C.1 and corrigenda). Historical data as well as current estimates are necessarily of varying degrees of reliability and should be interpreted with caution, especially with respect to the economies in transition. Numerous official revelations of serious problems in the statistics of the latter countries were published in several, though not all, countries, touching all areas of reporting. While more accurate data will be published by these and other countries in due course, it is believed that existing data at least provide broad indications of the direction and order of magnitude of current developments.

Figure 1. Recovery of world output increasingly appears weak



Source: UN/DESD.

Figure 2. The cycle in world output per capita, 1981–1993



Source: UN/DESD.

Table 1. Growth of output of groups of countries, 1981-1993

(Annual percentage change in GDP)

	1981-1988	1989	1990	1991	1992 a/	1993 b/	Population 1992 (millions)
World	2.9	3.3	1.7	-0.6	0.4	2.0	5 480
(per capita)	(1.2)	(1.6)	(0.0)	(-2.3)	(-1.3)	(0.3)	
Developed market economies	2.8	3.4	2.4*	0.7	1.5	2.0	821
United States	2.9	2.5	0.8	-1.2	1.8	2.6	253
European Community	2.1	3.6	2.8*	0.6	1.3	1.2	343
Japan	4.1	4.8	5.2	4.5	1.8	2.3	124
Economies in transition	3.1	2.3	-5.0*	-16.0	-18.4	-3.5	394
Developing countries	3.1	3.5	3.4	3.4	4.5	5.0	4 265

Source: UN/DESD (see also tables A.1-A.3).

* Indicates discontinuity in the series; from 1991, Germany includes the eastern Länder.

a/ Preliminary estimate.

b/ Forecast.

1992, after a 3.4 per cent growth in 1991. A dozen developing countries, including some of the most populous, achieved rates of growth between 5 and 10 per cent or more in 1992, but more than 30 countries grew by less than 2.5 per cent.

Although data on aggregate growth help form an overview of the world economy in 1992, they do not hint at the intensification of human misery in several parts of the world due to drought and civil strife. Millions of people are refugees from extreme economic deprivation and military and ethnic conflicts in their home countries, while additional millions have been internally displaced. There are more than a dozen countries from which over 100,000 people have sought refuge abroad in 1992. At the beginning of the year, sub-Saharan Africa accounted for 5 million refugees and 15 million internally displaced persons. The number of refugees from Ethiopia, Liberia, Mozambique, Somalia and the Sudan, and persons displaced in these countries through strife and drought, increased during the year. Hundreds of thousands have died of starvation in Somalia alone. In the countries which once formed Yugoslavia, more than 2 million people have been displaced from their homes, mostly over the past year, and continue to suffer extreme deprivation and insecurity. To a lesser extent, ethnic conflict has also erupted in other parts of Europe. In a number of areas of the former Soviet Union, ethnic conflicts have added to the hardships of economic decline.

OUTLOOK FOR 1993

The sluggish prospect for the world economy in 1993 is shaped mainly by the very slow pace of growth forecast for the developed market economies. In contrast to the 4.4 per cent growth rate of these countries in the second year of recovery from the trough of the recession in the early 1980s, output is expected to grow by only 2 per cent in 1993 (see table A.1). However, it must be recognized that growth after a protracted slow period might be significantly higher than forecast. As investors and consumers regain confidence and banks become more prone to lend, cumulative unmet needs could lead to a relatively rapid increase in aggregate demand and output growth.

Under existing or announced policies, Japan and the United States of America are expected to grow by 2.3 per cent and 2.6 per cent, respectively, while European growth is expected to average only around 1 per cent, as it did in 1992, even allowing for a gradual easing of monetary policy in the region. Fiscal policy in Europe, however, was generally set to tighten and thus hold back the rate of growth, albeit not in the United Kingdom of Great Britain and Northern Ireland. In any event, no overall improvement is expected in the unusually high rate of unemployment, the minor improvements forecast in the recovering economies being offset by a worsening in the more sluggish ones (see table A.5). No significant further gains are expected in reducing inflation either (see table A.4).

Important improvements are expected in the output trends in the transition economies (see table A.2). First, annual economic growth is forecast to resume finally in Czechoslovakia, Hungary and Poland, although

uncertainties surrounding the effects of the separation of the Czech and Slovak Republics in January 1993 cloud their outlook. Significant progress on the path to recovery in 1993 would be extremely important, not only because of the boost to incomes in these countries themselves, but also because it would encourage policy makers and households in other transition economies. As it is, output is expected to continue to decline in the successor States of the Soviet Union, in particular the Russian Federation, albeit by far smaller amounts than in 1991 and 1992.

The developing countries, on the other hand, are expected to grow in 1993 at the fastest overall rate since the 1970s. Accelerated growth rates, however, are almost entirely concentrated in Asia (see table A.3). China may grow once more by 10 per cent. Growth in the South and East Asian region is forecast to rise to around 6 per cent. West Asia is likely to maintain the 1992 pace of recovery.

Meanwhile, only small increases in output are expected in Africa and Latin America, and continued warfare in the former Yugoslavia could lay waste to much of what is left of a modern economy. A number of Latin American economies, such as Argentina, Chile and Venezuela, which have been growing strongly in 1992, may slow down to more moderate rates in 1993. Great uncertainties surround the growth prospects of Brazil, but a modest recovery from the recession in 1992 is expected. In Africa a marginal improvement in the growth of output to around 3 per cent is forecast for 1993.

DEVELOPED MARKET ECONOMIES: ANAEMIC RECOVERY

Most developed market economies are ending 1992 with very weak economies. In North America, recovery from the recession of 1991 has been exceedingly slow and halting, although a strengthening appears to have begun in the United States in the third quarter. This has been, nevertheless, the slowest United States recovery since the Great Depression. In the United Kingdom, recession continued in 1992, although the rate of economic contraction has slowed. Elsewhere in Europe and in Japan, the more dynamic areas of growth moved towards recession and a slow pace of activity characterized the rest (see table A.1).

The one positive macroeconomic development in these countries is that with aggregate demand weak and excess capacity growing, inflation has declined to almost 3 per cent (see table A.4). But unemployment rates, which were already high and rising in most developed market economies, have continued to rise this year (see table A.5). The duration of spells of unemployment has also been on the rise. Thus, amid widespread economic disappointments and diminishing inflation risk, consideration was increasingly given to growth-enhancing policies in several of the major countries.

The gross domestic product (GDP) of the United States finally surpassed its 1990 pre-recession peak in the third quarter of 1992. Employment is still below its pre-recession level and the unemployment rate is higher than when

the economy stopped declining, though there are signs that unemployment has finally begun to fall. Canadian economic growth is around only 1 per cent, with unemployment surpassing 11 per cent. Economic growth in Japan is the slowest it has been since the mid-1970s. The average European growth rate has been the same as in 1991, as the less negative developments in the United Kingdom and the end of the virtual collapse in eastern Germany have been offset by the steep decline in the growth rate of western Germany. The economic growth rate of France increased slightly while that of Italy fell slightly, the two countries together growing again at a sluggish rate of about 1.5 per cent. As a result, unemployment in Europe is once again over 9 per cent and likely to remain that high in 1993 as well.

The current pattern of protracted, widespread economic weakness can be attributed, on the one hand, to financial strains experienced by many of the industrial countries. In Australia, Canada, the Nordic countries, Japan, the United Kingdom and the United States, asset prices have been falling sharply in an unwinding of the asset price inflation and heavy debt build-up of the 1980s. The adjustment to the new financial environment has begun through repaying debts and rebuilding balance sheets, in particular, in the banking industry. Until this adjustment is completed - and it is proceeding at different rates in different countries - a strong and sustained economic upswing is unlikely as it requires a corresponding increase in bank credit.

On the other hand, Germany and perforce the rest of Europe are undergoing a prolonged period of adjustment to the unexpectedly large costs of German unification. The German Government's decision to finance a substantial part of unification through government borrowing has caused German interest rates to rise to unusually high levels. Indeed, the strong anti-inflationary policy stance of the Bundesbank, coupled with the ending of the boom in spending on the eastern Länder, has brought recession to western Germany.

Since the deutsche mark is the centrepiece of the European Monetary System and its Exchange Rate Mechanism (ERM), and since the ERM had become since 1987 a system of virtually fixed exchange rates, other countries in the ERM maintained inordinately high interest rates in order to keep their exchange rates from falling, even though their economies were weakening. The inconsistent demands on monetary policy led to large-scale speculative movements of funds among countries in the autumn that caused emergency devaluations of the Spanish and Portuguese currencies and saw Italy and the United Kingdom temporarily abandon the grid of fixed exchange rates.

Protracted sluggishness forced thinking about economic policy in 1992 to focus on reviving growth as well as curtailing inflation. However, choosing effective policies had become difficult.

In the United States, for example, monetary policy had been eased appreciably in several steps, the last of which was in July 1992, when the discount rate was reduced to 3 per cent, the lowest level since 1963. But these interest rate cuts, as well as a modest fiscal stimulus in the form of the extension of unemployment benefits and the reduction of income tax

withholding rates, have had a very small and unusually delayed impact on the economy. Low borrowing costs have at least eased the household and corporate debt burden and facilitated balance-sheet adjustment, although long-term interest rates have not fallen as much as the more directly controlled short-term rates and there was barely any growth in a broad measure of the money supply itself (M_2). Finally in September and October, bank lending registered the first monthly increases in a year.

Recently, the growth of United States GDP in the third quarter of 1992 was revised to an unexpectedly robust 3.9 per cent, expressed at an annual rate. Partly as a result, the support that had been growing for a new fiscal stimulus in 1993 - notwithstanding the already huge budget deficit - now seems contingent on whether or not the economy maintains strong growth in the last quarter of the year. The stimulus package might include accelerated spending on ready-to-go public-works projects, as well as a temporary investment tax credit.

Japan, like the United States, eased monetary policy in several steps without a significant output response. Indeed, monetary growth continued slowing and in September and October the broadly defined money supply (M_2 plus CDs) fell by 0.4 per cent and 0.6 per cent, respectively, the first contractions on record. The ratio of money supply to national income has dropped below its long-term trend, further indicating that the economy is not yet responding to the interest-rate stimulus.

At the same time, there are signs that Japanese fiscal policy measures taken thus far have tempered the slow-down in total activity. Reflecting the economic packages since March, construction orders by the public sector show continued high growth. On the other hand, private consumption and capital spending are both falling, reflecting in part the consequences of declining asset prices. The passage of the Government's supplementary budget will ensure the continuation of public sector construction and this may help the economy turn gradually to recovery. However, the Y10.7 trillion fiscal stimulus package might not be sufficient to boost private demand. Consequently, a further monetary easing as well as additional fiscal stimulus, including tax cuts, may be needed over the coming year.

In Europe, in the midst of sluggish growth, raising interest rates to defend currency parities proved extremely counterproductive. The crisis in the ERM seems, however, to have marked a turning point in European interest rates. Apart from several aberrations caused by the crisis, the overall trend in rates has been firmly downwards. From mid-September to the end of November 1992 German money market rates dropped by 1 percentage point, although there have been no official interest rate cuts in Germany since the largely symbolic reduction on 14 September. Interest rates have also fallen in Austria, Belgium, France, Italy, the Netherlands, Sweden and the United Kingdom.

Indeed, growing concern about lacklustre economic growth has recently forced a rethinking of policy priorities in the European Community (EC). Thus, in November, the European Commission proposed a European growth package

that would, inter alia, boost capital investment, in particular through new Community loans and guarantees for infrastructure projects, which the EC Summit endorsed at its December meeting. As in the developed market economies in general, there is concern about supply - productivity in a broad sense - as well as demand.

ECONOMIES IN TRANSITION: IS THE WORST OVER?

After two years of severe economic decline, economic recovery was expected to take hold in 1992 in Eastern Europe and the former Soviet Union. That proved overoptimistic, although there are signs that recovery is beginning in certain Eastern European countries.

While output plummets in most of the economies in transition, the three "Northern Tier" countries - Czechoslovakia, Hungary and Poland - appear close to the beginning of a process of economic recovery (see table A.2). Even so, output continues to decline in Czechoslovakia and Hungary. In Poland, growth impulses strengthened and output began to grow in the second half of the year. Industrial production rose appreciably and the growth of unemployment slowed. Nevertheless, because of the decline in the first half, output for 1992 as a whole did not grow.

Hungary was the first on the road to transition and was generally thought to have the best overall chance for recovery in the region. But it now seems that the country that opted for gradual reform, as opposed to Poland's "shock therapy", will probably return to growth only gradually. Based on data through September, the country's GDP is expected to drop at least 3 per cent in 1992 as a whole. Industrial output appears to have declined 10 per cent or more, although output in September was higher than its level a year ago. Nevertheless, unemployment is projected to rise to at least 16 per cent in 1993 from the current level of 11 per cent.

Inflation is the principal threat to the fragile recovery in Poland. The aggregate price rise was almost 50 per cent, as against an expected 35 per cent. In Hungary consumer prices are estimated to have risen about 22 per cent in 1992 and in Czechoslovakia 12 per cent.

The growth of the government deficit has been a major concern in Hungary and Poland this year. The deficit is estimated to have exceeded 7 per cent of GDP in each country, whereas it was kept to 2 per cent of GDP in Czechoslovakia. The budgetary shortfalls were largely due to a decline in government revenues, associated in part with a significant fall in tax payments by state enterprises, many of which were suffering because of the deep recession and the loss of export markets in the former Soviet Union. Moreover, the new legal and institutional infrastructure for tax collection and enforcement in the three countries is not yet fully in place.

With an increasing recognition of the institutional and economic difficulties being faced by transition economies, the International Monetary Fund (IMF) reached agreement with the Government of Poland in late November on

a new set of targets for Poland's macroeconomic adjustment programme, including in particular a smaller reduction in Poland's budget deficit. This reopens the country's access to IMF credits and will allow Poland's debt-reduction agreement with government creditors to proceed.

Output continues to contract sharply in the Russian Federation. GDP appears to have fallen more than a fifth in 1992, which, after three years of decline, puts it at about two thirds of its 1989 level. Consumer prices have soared and by the end of the year might reach 2,200 per cent of their level a year before. Inflation has accelerated since late summer and by November consumer prices were estimated to be rising by at least 25 per cent per month.

Among the few positive signs was a grain harvest of 108 million tonnes, substantially up over the abnormally low harvest of 88 million tonnes in 1991. This should, among other benefits, help to bring down foreign grain purchases. Furthermore, government revenue was reported to have increased considerably in September and October. As a result, by the end of October the consolidated budget deficit was 7 per cent of GDP, down from 13 per cent of GDP during the period January to August.

Another major concern in the Russian Federation is the collapse of investment. In 1992 capital investment amounted to approximately 10 per cent of the country's GDP, compared with 16 per cent in 1991. Not only has centralized investment plummeted, but also investment by enterprises. In the present state of unclear rules and uncertainty of future ownership structure, enterprises are unwilling to commit whatever resources they have to productive investment. Moreover, with the liquidity and payments crises of 1992 and an increased tax burden, many enterprises simply do not have resources for investment.

Ukraine's economy is also undergoing a severe contraction. GNP dropped 19 per cent during the first nine months of 1992; industrial output declined 20 per cent and food production fell 17.5 per cent. The Government's budget deficit for 1992 is expected to amount to 44 per cent of GNP, the highest figure among the States of the former Soviet Union.

Output also plunged in the three Baltic States of Estonia, Latvia and Lithuania. In Lithuania, for example, industrial production for the first nine months of 1992 was 47.5 per cent below its 1991 level. Despite these negative trends the Governments of the three States introduced programmes of stabilization and structural reforms that are being supported by IMF.

DEVELOPING COUNTRIES: A DIVERSITY OF GROWTH

Output in the developing countries increased by about 4.5 per cent in 1992. This is somewhat lower than had been previously forecast, but is an improvement of 1 percentage point over the 1991 growth rate. These figures average the very diverse performances of over 100 countries. There was a marked acceleration of growth in China, strong growth in South and East Asia, a modest recovery in West Asia, a repetition of very slow growth in Africa and

a slow-down in Latin America and the Caribbean after the modest recovery of 1991 (see table A.3).

The developing countries maintained a moderate average pace of growth despite sluggishness in developed market economies for several reasons. Domestic sources of growth gained in importance and, in Asia, the fastest growing developing countries increased their intra-regional trade and investment links. In addition, the countries with the largest populations tend to have trade-dependent sectors that are a relatively small share of total output. With the exception of Brazil these countries enjoyed significant economic growth in 1992: China in particular, but also Indonesia (6.5 per cent annually in the past two years) and Pakistan (at 6 per cent annually in the past two years). Output in India, the second most populous country in the world, is growing faster than its population, even though it is in the midst of an adjustment programme following its balance-of-payments and fiscal crises of mid-1991.

Growth in Latin America and the Caribbean averaged around 2 per cent in 1992, which was lower than expected and down from last year's growth of 2.9 per cent. This was largely due to recession in Brazil, which accounts for almost 40 per cent of regional GDP. Growth of the rest of the region is estimated to average almost 4 per cent, with Argentina, Chile and Venezuela expanding by over 6 per cent, but Mexico growing by less than 3 per cent.

Adjustment policies implemented in recent years in Latin America and the Caribbean have brought about a trend towards fiscal and monetary stability. A growing number of countries have achieved fiscal balance mainly through cuts in public spending, improved revenue collection and privatization of public enterprises. The average inflation rate of the region - excluding Brazil where it is more than doubling to over 1,200 per cent - is estimated to have declined to around 25 per cent in 1992. Where the stabilization effort is at a more advanced stage, as in Argentina, Chile and Mexico, business confidence has improved, leading to strong capital inflows and, in combination with accelerating domestic demand, a revival of investment.

Because the incipient recovery is taking place in the context of a weak international economy, a continued decline in the prices of Latin American exports of commodities and trade liberalization in the region, pressure is building on the trade balance. The first regional trade deficit in 10 years, largely accounted for by a huge increase in the Mexican imbalance and the transformation of Argentina's $3.9 billion trade surplus into a $1.4 billion deficit, is being financed by private capital inflows. But the prominence of short-term funds in the total financial inflow of the region causes concern about the sustainability of the balance of payments in the medium term. Furthermore, the magnitude and suddenness of the inflows have been adding to the difficulties of macroeconomic management in some countries.

In Africa, output is estimated to have grown by 2.3 per cent in 1992, which is lower than the rate of growth of the population and reflects the continuing problem of stagnation in many economies. Sub-Saharan Africa,

excluding the comparatively large economy of Nigeria, grew less than 1 per cent. Growth in Africa has been slower than expected, due mainly to the drought in the east and south, the Horn of Africa and Morocco. The drought has especially affected food crops, as well as supplies of water, electricity and agro-industrial inputs.

Mere survival has been the overriding concern for millions in Africa in 1992. Food shortages have been particularly acute in Malawi and Mozambique and in many areas of the Sudan, and 300,000 people are estimated to have died of famine in Somalia. Deaths from starvation have also been reported in other countries in the Horn of Africa and in Madagascar and Mozambique. Food supplies remain tight in Kenya, Liberia and Sierra Leone, in particular among displaced persons, and shortages exist in urban areas in Zaire. In many countries in southern Africa, food stocks are declining and delivery rates of pledged food aid need to increase.

In western Africa, growing conditions have been mixed, with insufficient rain in some countries along the coast of the Gulf of Guinea. In northern Africa, except Morocco, in central Africa and in the Sahelian countries of western Africa, the outlook for agriculture is in general satisfactory or favourable.

Growth in West Asia recovered in 1992 to 5 per cent, the highest regional average since the early 1980s. This was driven mainly by reconstruction in countries damaged by the 1991 Gulf war. Some consequences of the war persist, however. Channels for recycling some of the oil wealth from the richest to the poorer countries of the region - such as trade, transfers from migrant labourers and soft loans - were disrupted by the war and have not returned to their former scale.

In South and East Asia, growth decelerated slightly in 1992 but, at 5.5 per cent, still remained higher than in any other region. The Republic of Korea, Malaysia, Thailand and Viet Nam will have ended the year with 7 per cent growth or more; Indonesia, Hong Kong and Taiwan Province of China will have had over 6 per cent. Large public investment projects are being undertaken to ease infrastructure bottlenecks in several Asian economies. Private investment, including foreign direct investment, remained strong, though at a somewhat slower pace than in 1991.

The momentum of economic growth remained strong in China. The 14th Congress of the Communist Party of China convened in October and reaffirmed the policy of broader and bolder economic reforms. Overall optimism in the economy and rising exports contributed to GDP growth, estimated to be at least 10 per cent for the year. Supported by a credit expansion and rising personal incomes in urban and rural areas, investment and consumer spending increased by 35 per cent and 14 per cent, respectively, over their 1991 levels. Retail prices none the less rose by only about 5 per cent in the first three quarters of 1992 compared with the same period in 1991. Transport and other infrastructure facilities remain the bottleneck in the

economy. Combined with fast monetary expansion and high growth of investment, such constraints on output growth could lead to overheating and a higher rate of inflation.

INTERNATIONAL TRADE AND NET FINANCIAL TRANSFERS

World trade grew about 4.5 per cent in 1992, three times faster than the growth of output in industrial countries. This was the ninth successive year in which world trade grew more rapidly than world output, a period that has also been characterized by large-scale international transfers of financial resources.

Some of the countries whose volume of imports grew rapidly in 1992 also enjoyed rapid increases in exports, particularly China and other developing countries of South and East Asia (see table A.8). Indeed, building on the trade successes of previous years, a number of these countries earn more from foreign trade in goods and services than they spend and thus are sources of financial transfers to other countries. This was the case in 1992, for example, for China and a grouping of four other Asian developing economies that are dynamic exporters of manufactures (see table A.7).

Net financial transfers were also made by a grouping of major oil exporting countries, even though only a year before they had absorbed $19 billion on a net basis. The latter had been to help finance a large increase in imports associated with the war in the Persian Gulf and its aftermath. Merchandise imports continued to grow significantly in 1992, but foreign payments dropped sharply for services and the transfers to home countries that foreign workers used to make and this permitted the financial surplus to re-emerge.

Japan's net financial transfer to other countries jumped by 55 per cent to about $90 billion in 1992 (see table A.6). In this case, import expenditures were essentially unchanged as economic growth weakened in Japan and import prices fell, while export earnings rose by about $28 billion. The volume of Japan's exports, however, is estimated not to have increased, due to the economic weakness in several of its main markets. The gain in the dollar value of earnings thus arose mainly from a jump in the unit value of exports, due to a rising share of high-value goods in Japanese exports and the overall weakness of the dollar.

A substantial portion of the Japanese financial transfer appears to have gone to other industrial countries. Germany and the United States, in particular, remained net recipients of international flows, albeit by amounts that do not appear to differ very greatly from the levels of 1991 (see table A.6). In the case of the United States, this reflects a pause in the balance-of-payments adjustment under way since the late 1980s. In the case of Germany, the small inflow is best contrasted with the large outflows that Germany made before needing to redirect resources to its new states.

The developing countries as a whole were also substantial recipients of net financial transfers in 1992, despite the outward net transfers made by Asian economies as noted above (see table A.7). This was the second year of large-scale transfers to Latin America and helps to explain how the volume of the region's imports grew almost 12 per cent while exports grew 7 per cent (see table A.8). Indeed, the net transfer was also needed to compensate for the deterioration in export prices relative to import prices, which in Latin America and the developing countries as a whole entailed a decline in the terms of trade of about 3 per cent (see table A.9). In Africa, where the terms of trade have fallen in 8 of the past 10 years, the decline was 4 per cent.

The fall in the terms of trade arose in part because the dollar prices of internationally traded manufactures increased by well over 4 per cent, as the exchange rate of the dollar fell relative to that of several other major industrial countries (see table A.10). But also, international prices of non-fuel commodities declined by 2.5 per cent in dollar terms and around 6.5 per cent in terms of the prices of manufactures in the first nine months of 1992 compared with the same period in 1991. Prices of tropical beverages declined by around 17 per cent, while mineral and metal prices fell by around 2.5 per cent.

Average oil prices in 1992 remained at about the same level as in 1991. Demand for oil remained relatively weak largely owing to stagnation in the developed market economies. Oil prices strengthened somewhat in the second and third quarters of the year, but weakened subsequently.

AN INTERNATIONAL POLICY AGENDA FOR 1993

Policy for economic growth

A year ago, the end-of-year assessment made by the United Nations Secretariat pointed to the pervasive weakness of the world economy and urged action, especially in the industrial countries, to stimulate growth. Although some steps to strengthen growth were taken, as discussed above, other opportunities were missed, with a consequent prolongation of economic weakness. Restoring a more favourable pace of economic growth in industrial countries must be a high priority in the coming years to reduce unemployment, raise productivity and foster growth of the world economy.

Concern about inflation and fiscal deficits has discouraged Governments of most industrial countries from taking stronger demand-stimulating measures. With a large spare capacity, declining commodity prices, weak wage demands, high unemployment and limited growth of the money supply, the danger of a resurgence of inflation appears to have largely receded in most, but not all, countries. Although reduction of fiscal deficits ought to remain high on the long-term agenda of Governments, selective and temporary increases in public spending, especially for the development of human and physical infrastructure, ought to be an important part of government policy, especially in a recession.

It appears today that a number of industrial countries are exposed to risks of outright recession or prolonged sluggish growth. It is also possible that economic growth trends will be stronger than forecast. Correction of the financial excesses of the 1980s is proceeding apace in several countries. Stronger balance sheets in corporations, more stable real estate prices and increased consumer confidence might lead to a spurt of investment and consumption expenditure. But it is most appropriate that policy-makers have plans ready to meet the contingency of slow growth, even while caution is exercised so that any new stimulus will not jeopardize long-term objectives of growth with stability.

One lesson driven home by the currency turmoil in Europe this autumn is that international consistency of macroeconomic policy matters. In particular, a joint policy for growth could be far more effective than individual countries' attempts to revive their economies, especially as some countries have very little room for policy manoeuvre. A strengthening of policy coordination among the major industrial countries should thus be high on the agenda of international action in the coming months. It is important that all Governments closely monitor the results of measures they have recently taken to achieve growth and stand ready, together, to intervene if necessary to support economic activity further.

International trade policy

Developments in the trading system in 1992 were dominated by frustration with lack of progress in the Uruguay Round, until an apparent breakthrough was achieved late in the year. Completion of the multilateral trade negotiations under the Uruguay Round is now almost two years overdue. The stalemate in the negotiations was broken in November when the EC and the United States finally reached agreement on the issue of agricultural subsidies, which was the most important obstacle to the success of the Round. The agreement does not, however, guarantee success of the Round and a package of agreements acceptable to all parties still requires complex negotiations in a large number of interlinked areas, including services, tariffs, and non-tariff barriers. Moreover, negotiators still face strong opposition to the liberalization of farm trade in a number of other countries. The outcome will greatly depend on political will and the foresight of all parties. The expiry of the "fast track" authority of the United States administration on 1 March 1993 is among the factors that add urgency to the negotiations.

The formation and strengthening of trading blocs was a second major feature of international trade policy in 1992. The European Community was on course for the removal of remaining barriers to a single EC market by the end of the year, although the free movement of people across all national borders within the EC appears unlikely to be achieved soon. Economic integration in Europe is also being widened through closer association between members of the European Free Trade Area and the EC, while Czechoslovakia, Hungary and Poland have reached association agreements with the Community.

Canada, Mexico and the United States signed the North American Free Trade Agreement in August, which will create a single market for a population of 370 million. Economic ties are strengthening between the countries of "Mercosur" (Argentina, Brazil, Paraguay and Uruguay) and trade among them is growing rapidly. The Association of South-East Asian Nations (ASEAN) will become the ASEAN Free Trade Association on 1 January 1993 and the Southern African Development Coordination Conference is to be transformed into the Southern African Development Community with broader goals. Whether or not some of the new initiatives for bloc formation are defensive responses to existing regional trading arrangements, the increasing regionalism could weaken the multilateral character of the trading system. It is thus important that all such arrangements develop within the spirit as well as the provisions of the General Agreement on Tariffs and Trade (GATT).

Finally, while managed trade appears to continue to maintain wide support in industrial countries, a large number of developing countries have been taking important unilateral steps to lower their barriers to trade. Several Latin American countries, such as Argentina, Chile, Colombia, Mexico and Peru have made major progress in trade liberalization. In Asia, significant trade liberalization measures have been taken by India, Indonesia and Pakistan, among others. Several African countries, including Côte d'Ivoire, Kenya, Madagascar, Nigeria and Zimbabwe, have also taken trade liberalization measures as part of their efforts at economic reform. The remaining stages of the Uruguay Round negotiations provide an opportunity for industrial countries to incorporate these actions into the final package.

International financial policy

Although the net transfer of financial resources to the developing countries has turned positive, much of the new inflow consists of short-term and quite speculative private capital, which is subject to sudden reversals of flow. There is thus a growing appreciation in many developing countries of the importance of policy changes to attract long-term private capital. The need for additional concessional flows, in any event, continues to be critical in many low-income developing countries. A matching increase in such resources is not in sight. But this need not be considered an immutable circumstance. A resumption of growth in industrial countries and changes in priority made possible by the end of the cold war could lead to a greater flow of concessional finance to the low-income developing countries to assist them in speeding up reforms and raising the rate of investment.

Some progress has been made towards the resolution of the debt overhang of developing countries. Many countries, however, including some of the poorest as well as some of the heavily indebted middle-income countries, still have a long way to go. The continuation and strengthening of the present international debt reduction strategy must therefore remain high on the international agenda.

While output and standard of living continue to plunge in the economies in transition, there is hope that some of them may have put the worst throes

of transition behind them. There is little choice, however, in any of these countries, including the more "successful" ones, other than a determined pursuit of restructuring. The lessons of the past few years clearly show that there is no panacea for their great problems. Despair over their future would be as unwarranted as the overoptimism of the earlier years. At the same time, they continue to require international support.

Peace and development

The end of the cold war brought great promise of reduced military expenditure, reordered priorities, peace and prosperity. Military expenditure has indeed been declining in many countries. But in many countries with large military establishments, progress has been slow. Economic slow-down and consequent job losses have made conversion of military facilities for civilian use particularly difficult. They have also led some of the major producers of weapons to seek markets abroad, and thus helped spread weapons.

The end of the cold war also coincided with increasing, though localized, violence and human suffering throughout the world. As 1992 ends, millions continue to suffer extreme destitution from conflict and famine in numerous countries. Mitigating their suffering and bringing peace and stability to their countries should remain a high priority on the agenda of international action for a world of shared prosperity.

Annex

STATISTICAL TABLES

Table A.1. Developed market economies: rates of growth of real GDP, 1983-1993 a/
(Annual percentage change)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 b/	1993 c/
All developed market economies	2.6	4.4	3.4	2.8	3.2	4.4	3.4	2.4	* 0.7	1.5	2.0
Major industrial countries	2.8	4.6	3.5	2.8	3.3	4.6	3.4	2.4	* 0.6	1.6	2.0
Canada	3.2	6.3	4.8	3.3	4.3	4.9	2.3	-0.5	-1.7	1.3	2.5
France	0.7	1.3	1.9	2.5	2.3	4.5	4.1	2.3	1.2	1.8	1.6
Germany d/	1.8	3.1	2.1	2.2	1.4	3.5	4.0	5.0	* –	2.1	0.8
Italy	-0.4	4.1	2.7	2.8	3.1	4.1	3.1	2.0	1.6	1.2	0.5
Japan d/	2.8	4.3	5.1	2.7	4.4	6.2	4.8	5.2	4.5	1.8	2.3
United Kingdom	3.8	1.9	3.9	4.1	4.8	4.4	2.1	0.6	-2.2	-1.0	1.3
United States	3.9	6.2	3.2	2.9	3.1	3.9	2.5	0.8	-1.2	1.8	2.6
Other industrial countries	1.5	3.4	2.8	2.3	2.9	3.6	3.6	2.4	0.7	1.1	1.8
Memo items:											
Western Europe	1.5	2.6	2.6	2.7	2.7	3.9	3.5	2.7	* 0.5	1.2	1.2
European Community	1.4	2.6	2.5	2.8	2.8	4.1	3.6	2.8	* 0.6	1.3	1.2
Other	2.4	3.0	3.2	2.4	2.4	3.0	3.2	1.8	-0.3	0.3	1.1

Source: UN/DESD.

* Indicates discontinuity in the series: from 1991, Germany includes eastern Länder.

a/ Data for country groups are weighted averages, where weights for each year are GDP valued at 1988 prices and exchange rates.

b/ Preliminary estimate.

c/ Forecast.

d/ Real gross national product.

Table A.2. Transition economies of Europe and Asia: rates of growth of GDP, 1983-1993 a/
(Annual percentage change)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 b/	1993 c/
Total	4.2	3.4	2.0	3.5	2.6	4.5	2.3	-5.0	* -16.0	-18.4	-3.5
USSR and successor States	4.3	3.0	1.7	3.6	2.8	5.3	3.3	-2.1	-17.0		
of which:										-23.0	-5.0
Russian Federation										-22.0	-7.0
Ukraine										-24.0	3.0
Eastern Europe	4.2	4.6	2.6	3.2	2.3	2.7	–	-11.9	* -12.6	-4.2	0.1
of which:											
Bulgaria	3.4	3.4	2.7	4.2	6.1	2.6	-1.4	-11.8	-22.9	-10.5	. .
Czechoslovakia	2.4	2.1	2.2	1.8	0.8	2.6	1.3	-4.7	-15.1	-5.3	2.0
German Democratic Republic	4.0	5.4	5.5	3.9	3.3	3.1	2.4	-25.1			
Hungary	0.7	2.7	-0.3	1.5	3.8	2.7	3.8	-4.0	-10.2	-3.0	1.5
Poland	5.6	5.6	3.6	4.2	2.0	4.4	0.2	-12.0	-9.3	–	2.0
Romania	6.1	5.9	-0.1	2.4	0.8	-0.5	-5.8	-7.4	-13.0	-9.6	. .

Source: UN/DESD and ECE.

* Indicates discontinuity in the series.

a/ Country group aggregates are averages weighted by GDP in 1988 dollars (see World Economic Survey, 1992 (United Nations publication, Sales No. E.92.II.C.1), pp. 181-182 for methodology).

b/ Preliminary estimate.

c/ Forecast.

Table A.3. Developing countries: rates of growth of real GDP, by country group, 1983-1993
(Annual percentage change)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 a/	1993 b/
All developing countries c/	1.8	4.1	3.5	3.8	4.0	4.4	3.5	3.4	3.4	4.5	5.0
Latin America	-2.6	3.8	3.6	4.2	3.0	0.7	1.1	0.1	2.9	2.0	2.5
Net energy exporters	-3.3	2.6	2.1	-0.2	2.2	3.1	0.7	4.5	4.7	3.7	..
Net energy importers	-2.3	4.4	4.4	6.6	3.3	-0.5	1.4	-2.3	1.9	1.6	..
Africa	1.4	0.8	5.0	1.9	0.2	2.3	3.0	2.9	2.1	2.3	3.0
Net energy exporters	2.2	1.4	6.3	0.8	-0.7	1.1	3.2	3.5	2.4	2.8	..
Net energy importers	-0.1	-0.2	2.4	4.0	2.0	4.6	2.5	1.8	1.5	1.4	..
West Asia	-0.6	-1.3	-3.6	-3.1	-0.8	–	3.2	1.9	–	5.0	5.5
South and East Asia	6.0	5.7	3.6	6.2	6.9	8.5	6.1	6.3	5.6	5.5	6.0
China	10.2	14.5	13.0	7.8	9.4	10.9	3.6	5.2	7.0	10.0	10.0
Mediterranean	1.0	3.7	2.8	5.5	1.1	0.8	0.3	2.0	-7.9	-5.4	-5.0
Memo items:											
Major developing economies d/											
Brazil	-3.4	5.3	8.0	7.6	3.4	0.1	3.2	-3.8	1.2	-1.0	..
India	5.4	4.9	4.5	4.8	4.5	9.6	5.2	5.0	3.3	3.0	..
Republic of Korea	9.5	7.9	5.1	12.0	11.1	11.5	6.1	9.0	8.4	7.0	..
Mexico	-4.2	3.6	2.6	-3.8	1.8	1.4	3.1	4.4	3.6	2.7	..
Islamic Republic of Iran	13.0	0.2	-1.5	-8.0	-2.5	-2.0	4.0	10.0	6.0	6.0	..
Taiwan Province of China	8.5	10.6	5.0	11.6	12.3	7.3	7.6	5.0	7.2	6.4	..
Indonesia	4.5	4.2	1.9	3.0	3.6	6.5	7.4	7.4	6.6	6.5	..
Saudi Arabia	-21.0	-4.8	-9.1	13.4	-1.4	7.6	0.2	9.0	10.0	5.0	..
Argentina	2.6	2.4	-4.4	6.1	2.1	-2.8	-4.6	0.4	6.0	6.5	..
Turkey	3.4	5.9	5.1	7.5	2.2	2.2	-0.4	11.0	0.7	5.0	..
Thailand	5.8	6.0	4.1	3.5	7.1	13.2	12.2	10.0	7.5	8.0	..
15 heavily indebted countries e/	-2.7	2.7	3.4	4.1	2.4	1.2	1.4	–	1.7	0.9	..
Sub-Saharan Africa (excluding Nigeria)	0.6	1.2	1.9	2.6	0.6	2.9	1.9	1.3	0.2	0.9	..

Source: UN/DESD.

a/ Preliminary estimates.

b/ Forecast.

c/ Covering 92 countries that account for 98 per cent of the population of all developing countries.

d/ Listed in descending order of their share in world GDP.

e/ Argentina, Bolivia, Brazil, Chile, Colombia, Côte d'Ivoire, Ecuador, Mexico, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela and former Yugoslavia.

Table A.4. Developed market economies: consumer price inflation, 1983-1993 [a/]
(Annual percentage change)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 [b/]	1993 [c/]
All developed market economies	4.8	4.8	4.2	2.5	3.1	3.4	4.6	5.2	4.5	3.4	3.4
Major industrial countries	4.3	4.4	3.8	1.9	2.7	3.1	4.4	4.9	4.2	3.1	3.1
Canada	5.9	4.3	4.0	4.2	4.3	4.1	5.0	4.8	5.6	1.6	2.0
France	9.6	7.5	5.7	2.5	3.3	2.7	3.5	3.4	3.1	2.8	2.6
Germany	3.4	2.4	2.2	-0.1	0.2	1.3	2.8	2.7	3.5	3.9	3.7
Italy	14.6	10.9	9.2	5.8	4.7	5.1	6.3	6.4	6.4	5.5	5.6
Japan	1.8	2.3	2.0	0.6	0.1	0.7	2.3	3.1	3.3	2.3	2.0
United Kingdom	4.5	5.0	6.0	3.4	4.2	4.9	7.8	9.5	5.9	3.7	3.6
United States	3.2	4.3	3.5	1.9	3.7	4.0	4.8	5.4	4.3	3.0	3.1
Other industrial countries	8.3	7.2	6.9	6.0	5.4	5.2	6.2	7.0	6.3	5.2	5.2
Memo item: European Community	7.8	6.6	5.8	3.3	3.2	3.6	5.3	5.6	5.1	4.5	4.3

Source: UN/DESD, based on IMF, International Financial Statistics.

a/ Data for country groups are weighted averages, where weights for each year are consumption expenditure for the year valued at 1988 prices and exchange rates.

b/ Preliminary estimate.

c/ Forecast.

Table A.5. Developed market economies: unemployment rates, 1983-1993 [a/]
(Percentage of total labour force)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 [b/]	1993 [c/]
All developed market economies	8.4	7.8	7.7	7.6	7.2	6.6	6.1	6.0	6.7	7.3	7.3
Major industrial countries	8.1	7.3	7.2	7.1	6.7	6.1	5.7	5.6	6.3	6.8	6.8
Canada	11.8	11.2	10.4	9.5	8.8	7.7	7.5	8.1	10.2	11.3	11.0
France	8.3	9.7	10.2	10.4	10.5	10.0	9.4	9.0	9.5	9.8	9.8
Germany	7.7	7.1	7.2	6.4	6.2	6.2	5.6	4.9	4.3	4.7	4.8
Italy	8.8	9.4	9.6	10.5	10.9	11.0	10.9	10.3	9.9	10.1	10.4
Japan	2.6	2.7	2.6	2.8	2.8	2.5	2.3	2.1	2.1	2.2	2.3
United Kingdom	12.4	11.7	11.2	11.2	10.3	8.5	7.1	6.8	8.9	9.9	10.2
United States	9.5	7.4	7.1	6.9	6.1	5.4	5.2	5.4	6.6	7.4	7.2
Other industrial countries	9.6	10.2	10.3	9.9	9.6	9.1	8.1	7.9	8.7	9.7	9.6
Memo item: European Community	10.1	10.5	10.6	10.6	10.3	9.7	8.8	8.3	8.6	9.2	9.3

Source: UN/DESD, based on data of OECD.

a/ For the 7 countries shown and 10 others, data are standardized by OECD. National definitions and estimates are used for other countries.

b/ Preliminary estimate.

c/ Forecast.

Table A.6. Net transfer of financial resources of selected industrial countries, 1982-1992
(Billions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 [a]
United States											
Net capital flow	8.7	45.2	104.4	126.8	142.2	158.0	126.7	131.0	102.7	51.2	61
Net dividends and interests	21.2	14.0	9.1	0.7	-1.4	-13.0	-5.2	-8.9	-16.5	-21.5	-23
Net transfer of resources (Financial basis)	29.9	59.3	113.5	127.4	140.8	145.0	121.5	122.1	86.2	29.7	38
Use of official reserves [b]	-5.0	-1.2	-3.1	-3.8	0.3	9.1	-3.9	-25.3	-2.2	5.8	1
Net transfer of resources (Expenditure basis)	24.9	58.1	110.3	123.6	141.1	154.2	117.6	96.8	84.0	35.5	39
Germany [c]											
Net capital flow	-9.6	-13.8	-15.9	-20.8	-41.7	-36.9	-79.0	-68.1	-52.7	-16.5	-31
Net dividends and interests	-1.0	1.5	2.3	2.1	2.2	3.8	4.2	11.0	12.8	15.8	12
Net transfer of resources (Financial basis)	-10.7	-12.4	-13.6	-18.8	-39.5	-33.1	-74.8	-57.1	-39.9	-0.7	19
Use of official reserves [b]	-2.8	2.0	0.4	-2.2	-5.4	-21.5	15.4	-2.8	-7.3	6.0	-13
Net transfer of resources (Expenditure basis)	-13.5	-10.4	-13.2	-21.0	-44.9	-54.6	-59.4	-59.9	-47.2	5.3	5
Japan											
Net capital flow	-12.9	-20.8	-34.4	-51.4	-73.1	-52.8	-67.2	-74.0	-48.0	-92.0	-117
Net dividends and interests	1.7	3.1	4.2	6.8	9.5	16.7	21.0	23.4	23.2	26.7	28
Net transfer of resources (Financial basis)	-11.2	-17.7	-30.2	-44.6	-63.6	-36.1	-46.2	-50.6	-24.8	-65.3	-89
Use of official reserves [b]	4.7	-1.6	-2.1	0.6	-14.8	-37.9	-16.5	12.8	6.6	6.6	-1
Net transfer of resources (Expenditure basis)	-6.5	-19.3	-32.3	-44.0	-78.4	-74.0	-62.7	-37.8	-18.2	-58.7	-91

Source: UN/DESD, based on data of IMF and national sources.

[a] Preliminary estimate.
[b] Additions to reserves are shown as negative numbers.
[c] Including transactions of the former German Democratic Republic, beginning July 1990.

Table A.7. Net transfer of financial resources of developing countries, 1982-1992 [a]
(Billions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 [b]
Long-term capital importers, of which:	33.8	-3.8	-31.5	-23.1	-13.3	-46.0	-36.4	-39.6	-28.9	9.1	30
Deficit energy exporters	11.5	-10.0	-23.1	-20.9	-1.7	-22.3	-8.4	-20.5	-30.2	-9.5	5
Energy-importing countries [c]	27.8	9.4	-7.5	-14.6	-18.7	-23.2	-31.6	-23.8	12.2	31.1	36
Recent surplus economies [c]	-0.5	-4.6	-9.1	-12.1	-23.8	-31.2	-26.5	-21.9	-11.9	-4.1	-8
Other energy importers	28.3	14.0	1.6	-2.5	5.0	8.0	-5.2	-1.9	24.1	35.2	44
China	-5.5	-3.3	-0.8	12.3	7.1	-0.5	3.6	4.7	-10.9	-12.5	-11
Surplus energy exporters	0.5	22.1	8.6	4.4	23.6	9.1	11.9	7.9	-4.9	19.1	-6
All developing countries	34.3	18.3	-22.9	-18.7	10.3	-36.9	-24.5	-31.7	-33.8	28.2	25

Source: UN/DESD, based on data of IMF, official, national and other sources.

[a] Expenditure basis (negative of balance on payments of goods, services and private transfers, excluding investment income).
[b] Preliminary estimate.
[c] Hong Kong, Republic of Korea, Singapore and Taiwan Province of China.

Table A.8. World trade: changes in volume of exports and imports, by major country group, 1982-1992
(Annual percentage change)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 a/
Volume of exports											
World	-2.1	1.5	8.3	3.7	4.1	6.1	8.4	7.5	4.8	3.7	4.5
Developed market economies	-1.8	1.8	9.9	5.1	3.3	5.0	8.6	6.7	5.7	3.0	3.1
North America	-3.3	–	14.3	1.3	-8.3	11.5	17.9	8.3	7.8	6.0	5.3
European Community	-0.3	0.7	6.0	7.1	9.3	4.0	6.2	6.8	5.8	2.0	3.0
Japan	-6.5	9.7	19.4	4.6	-0.5	0.3	4.7	3.8	5.5	2.3	-0.2
Other industrial countries	-0.8	2.4	7.9	5.8	6.9	5.5	6.1	5.3	6.7	3.6	2.4
Developing countries	-4.7	-0.2	5.6	1.1	12.0	10.5	9.6	9.7	6.1	10.4	10.6
Latin America	-0.7	3.0	11.7	0.4	-4.4	7.4	7.3	6.8	3.1	4.1	7.3
Africa	-10.9	1.9	0.6	1.6	9.5	8.0	8.6	5.7	9.2	2.3	3.9
West Asia	-18.2	-14.7	-9.4	-4.4	26.0	-2.0	1.8	22.8	5.7	-0.4	3.1
South and East Asia	8.1	8.0	12.2	1.8	19.8	18.4	14.1	10.5	7.4	15.3	15.8
Mediterranean	9.0	-2.5	13.8	9.1	-18.3	12.9	4.2	4.3	2.7	2.4	-4.3
China	13.7	5.4	11.6	14.4	19.5	24.0	15.7	6.7	13.0	8.7	9.4
Memo items:											
Net energy exporters	-11.9	-7.8	-1.2	-1.8	9.7	3.8	-4.6	17.8	11.3	7.8	7.1
Net energy importers	5.8	6.7	10.2	4.4	9.4	15.5	10.7	8.4	5.8	11.6	14.5
Economies in transition	4.9	5.5	4.6	-1.0	4.3	2.4	4.3	-0.9	-10.7	* -20.8	..
Eastern Europe	5.3	8.0	7.0	2.5	-1.2	1.3	3.6	-1.9	-7.9	-14.3	..
USSR	4.5	3.3	2.5	-4.3	10.0	3.3	4.8	–	-13.1	-25.0	..
Volume of imports											
World	-1.4	1.3	8.3	3.3	4.9	5.8	9.5	7.9	4.4	4.0	4.7
Developed market economies	-1.4	2.0	10.8	4.6	8.9	6.6	8.7	7.5	4.6	2.9	3.7
North America	-3.5	10.6	20.8	5.8	13.0	5.6	7.6	5.9	2.9	0.7	4.0
European Community	-0.2	-0.5	6.8	4.2	7.5	7.6	8.3	7.9	7.3	4.6	3.9
Japan	-2.2	1.3	10.8	0.4	10.7	8.5	15.5	7.5	5.5	2.9	0.3
Other industrial countries	-1.4	-4.5	6.5	6.3	6.2	7.8	7.5	8.5	4.5	1.7	2.4
Developing countries	-2.1	-1.1	2.8	-0.8	-5.4	4.7	14.2	10.0	6.0	12.8	9.6
Latin America	-15.7	-15.9	8.0	2.9	-4.4	4.1	5.2	5.8	5.1	15.5	11.1
Africa	-8.0	-2.5	-6.3	-10.5	-6.0	-11.6	5.2	-1.0	7.9	2.0	4.9
West Asia	8.2	-3.0	-7.8	-13.9	-16.4	-8.3	4.7	4.9	-2.7	16.4	5.0
South and East Asia	3.4	6.2	7.9	-2.4	-1.1	18.3	22.8	15.6	10.8	14.3	11.5
Mediterranean	-5.1	0.5	8.6	6.0	-2.5	4.4	1.2	9.6	17.2	-9.0	-5.8
China	-8.2	15.5	23.7	69.0	-6.7	-6.4	21.2	5.5	-13.1	19.3	15.2
Memo items:											
Net energy exporters	1.1	-8.7	-3.9	-12.5	-16.0	-7.0	10.6	7.7	8.5	18.4	9.3
Net energy importers	-4.2	4.6	6.1	1.0	1.5	13.6	14.5	11.5	9.0	10.4	9.7
Economies in transition	1.7	4.0	4.1	5.3	-0.6	1.0	3.5	5.0	-5.2	* -31.4	..
Eastern Europe	-5.3	4.0	4.0	5.7	4.8	3.4	3.3	1.2	-8.6	-18.0	..
USSR	9.7	3.9	4.4	4.7	-6.0	-1.6	4.0	9.2	-1.4	-39.9	..

Source: UN/DESD.

* Indicates break in the series.

a/ Preliminary estimates.

Table A.9. World trade: changes in terms of trade, by major country group, 1982-1992
(Annual percentage change)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 a/
Terms of trade											
Developed market economies	1.3	1.0	-1.7	0.6	8.7	0.4	1.0	-0.4	-0.6	0.8	2.3
North America	1.0	1.6	-7.2	0.8	16.9	-5.0	2.7	0.7	-1.8	1.5	-4.2
European Community	1.1	0.8	1.8	-1.1	2.3	1.7	0.1	-0.2	0.9	-0.7	2.5
Japan	3.7	2.0	-0.5	4.6	35.4	0.3	1.9	-4.3	-6.5	8.8	11.3
Other industrial countries	-0.2	0.1	-1.1	2.0	-2.9	2.6	0.1	0.9	2.6	0.8	3.8
Developing countries	-2.6	-2.4	2.3	-1.7	-21.2	0.2	-0.8	4.0	0.5	-4.3	-2.6
Latin America	-3.5	-0.2	1.7	-2.1	-17.6	-1.5	0.6	2.7	–	-5.3	-3.4
Africa	-1.4	-1.2	2.7	-1.3	-35.3	-5.3	-10.0	8.2	2.8	-6.3	-3.9
West Asia	-0.2	-6.4	1.0	-1.7	-41.2	0.1	-12.7	9.4	8.4	-10.5	-1.3
South and East Asia	-3.3	1.2	4.7	-1.7	-13.8	1.0	2.5	1.4	-2.4	-1.4	-3.4
Mediterranean	-2.6	4.5	-0.1	0.3	17.3	-4.8	5.0	-2.5	-5.6	0.3	-1.7
China	-5.8	-1.6	2.0	-0.8	-12.3	-4.6	-1.1	2.0	1.1	5.4	2.6
Net energy exporters	-1.4	-4.5	1.9	-3.7	-37.1	0.2	-1.5	6.0	5.4	-10.8	-4.2
Net energy importers	-4.5	3.0	4.8	-1.3	-4.9	-0.5	4.9	1.1	-4.0	-1.1	-3.9
Economies in transition	7.8	0.8	0.5	-0.2	-6.2	3.4	-3.5	-0.2	0.2	* -7.7	..
Eastern Europe	-0.5	-1.4	-1.4	–	-0.8	4.0	3.0	2.1	-7.0	-14.3	..
USSR	17.0	2.8	2.6	-0.9	-10.9	2.9	-10.1	-2.0	7.7	–	..

Source: UN/DESD

* Indicates break in the series.

a/ Preliminary estimates.

Table A.10. Indices of prices of non-fuel primary commodities exported by developing countries, 1982-1992
(1985 = 100)

		Food	Tropical beverages	Vegetable oilseeds and oils	Agri-cultural raw materials	Minerals and metals	Combined index		Prices of manufac-tures a/	Real prices of commodities b/	Memo item: crude petroleum c/
							Dollar	SDR			
1982		131	92	90	103	105	111	102	107	104	121
1983		138	96	107	110	113	118	112	103	114	108
1984		116	110	144	111	105	114	112	100	114	102
1985		100	100	100	100	100	100	100	100	100	100
1986		110	124	62	102	95	104	90	120	87	55
1987		117	81	73	119	113	107	84	135	79	62
1988		152	82	96	129	164	135	102	144	94	49
1989		161	70	85	129	164	135	107	143	94	59
1990		151	62	74	137	149	127	95	158	80	75
1991		141	57	80	129	135	119	88	158	75	62
1992 d/		141	48	86	125	133	117	84	164	71	62
1991	I	145	61	78	139	142	124	89	166	74	64
	II	142	57	76	128	136	119	90	152	78	58
	III	138	55	80	125	132	116	88	152	76	62
	IV	140	56	85	123	130	116	85	157	74	66
1992	I	141	50	88	122	129	116	85	160	72	57
	II	138	46	88	124	132	116	84	163	71	65
	III	143	46	83	129	138	118	83	169	70	65

Source: UNCTAD, Monthly Commodity Price Bulletin, and United Nations, Monthly Bulletin of Statistics.

a/ Unit value of exports of manufactures from developed market economies in dollars. The base of the original index has been shifted to 1985.

b/ Dollar index of prices of non-fuel commodities deflated by unit values of manufactured exports of developed market economies.

c/ OPEC oil price, which is the average spot price of a basket of seven OPEC country crudes (Saharan Blend, Minas, Bonny Light, Arab Light, Dubai, T. J. Light and Isthmus).

d/ January-September 1992.